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U. S. SECURITIES AND  
EXCHANGE COMMISSION

# sec news digest

Issue 85-46 March 8, 1985

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## ADMINISTRATIVE PROCEEDINGS

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### DAVID R. WILLIAMS SUSPENDED

The Commission suspended David R. Williams, of Parker, Colorado, from association with any broker or dealer for three months, effective March 18. The Commission found that Williams, while a salesman for the former Denver brokerage firm of International Securities, Inc. (ISI), deliberately falsified ISI's records to reflect a Colorado address for five customers who lived in states where neither ISI nor Williams was licensed to do business, and where a new issue of securities that the customers wished to buy was not registered for sale.

In affirming the sanction imposed by the administrative law judge, the Commission rejected Williams' claim that his violations were merely "technical," stating that he had "engaged in a subterfuge designed to obstruct the very surveillance that our recordkeeping rules were meant to promote." (Rel. 34-21788)

### BRUCE PAUL BARRED

The Commission barred securities salesman Bruce Paul, of Purchase, New York, from association with any broker-dealer. The Commission provided, however, that, after two years, Paul may apply to become so associated in a non-proprietary, non-supervisory capacity. It stated that any such application must include a satisfactory showing that Paul will be properly supervised.

On March 16, 1983, Paul pled guilty to knowingly filing false federal income tax returns for the calendar years 1977 and 1978, returns that he had verified as true under penalty of perjury. In determining the appropriate sanction to impose, the Commission concluded that a bar was necessary to protect the investing public against any recurrence of Paul's dishonest actions. However, in light of Paul's 15-year unblemished record in the securities industry, the Commission decided to allow Paul to apply for reinstatement after two years, under the conditions stated above. (Rel. 34-21789)

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## CIVIL PROCEEDINGS

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### SOVEREIGN CHEMICAL & PETROLEUM PRODUCTS, INC. ENJOINED

The Commission announced that on February 28 the U.S. District Court for the District of Columbia entered a Final Judgment of Permanent Injunction against Sovereign Chemical & Petroleum Products, Inc. of Chicago, Illinois. The Judgment restrained and enjoined Sovereign from failing to file timely periodic reports and Notifications of Late Filing.

The Commission, in its December 14, 1984 complaint, alleged that Sovereign, as part of a continuing course of violative conduct extending over several years, failed to file its Annual Report on Form 10-K for its fiscal year ended June 30, 1984, and its Quarterly Report on Form 10-Q for its fiscal quarter ended September 30, 1984. The complaint further alleged that in failing to file these periodic reports, Sovereign failed to file required Notifications of Late Filing on Form 12b-25. Sovereign, concurring to the Court's Judgment, admitted that it had filed late four Annual and Quarterly Reports and two Notifications of Late Filing. (SEC v. USDC DC, Civil Action No. 84-3805). (LR-10680)

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## CRIMINAL PROCEEDINGS

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### DAVID G. ANDREAE PLEADS GUILTY

The Chicago Regional Office announced that on March 4 David G. Andrae entered pleas of guilty to one count of mail fraud and one count of the offer for sale of unregistered securities. The indictment, returned on May 7, 1984 in Detroit, Michigan, alleged that Andrae: collected, between 1973 and 1981, more than \$2 million from various investors who had been solicited to invest in numerous gas well drilling, rework and pipeline projects in West Virginia; did not undertake the projects as he had represented; grossly exaggerated project costs; converted large sums of money to his own use; and, in order to lull investors into a false sense of security, mailed them false progress reports and small amounts of money as a purported return on their investment. (U.S. v. David G. Andrae, CR 84-20281, USDC EDMI, S. Div.). (LR-10678)

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## INVESTMENT COMPANY ACT RELEASES

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### SMA LIFE ASSURANCE COMPANY

A notice has been issued giving interested persons until March 26 to request a hearing on an application by SMA Life Assurance Company, several separate SMA accounts (Accounts), registered as open-end management investment companies, SMA Investment Trust and SMA Equities, Inc. (together, Applicants). The application requests an order: exempting Applicants from Section 17(a) of the Investment Company Act to permit a proposed reorganization of the Accounts; exempting Applicants from Sections 26(a)(2)(C) and 27(c) of the Act to permit deductions of certain charges from the Accounts; and to permit certain transactions in furtherance of the proposed reorganization. (Rel. IC-14404 - March 6)

### FIRST INVESTORS NEW YORK TAX FREE FUND, INC.

An order has been issued exempting First Investors New York Tax Free Fund, Inc. from Section 22(d) of the Investment Company Act to permit unitholders of New York Insured Municipals Income Trust, Series I and past and subsequent series to reinvest distributions of interest income, capital gains or principal in shares of Applicant at a reduced sales load. (Rel. IC-14405 - March 7)

### BOETTCHER VENTURE CAPITAL PARTNERS, L.P.

A notice has been issued giving interested persons until April 1 to request a hearing on an application filed by Boettcher Venture Capital Partners, L.P. (BVCP), Boettcher Institutional Partners, L.P. (Institutional Partners), and Boettcher & Company, Inc. (Boettcher) for an order exempting from the provisions of Section 57(a)(4) of the Investment Company Act and Rule 17d-1: (1) a joint portfolio investment program between BVCP and Institutional Partners; and (2) the referral of investment opportunities by Boettcher to certain limited partners of Institutional Partners. (Rel. IC-14406 - March 7)

### MONARCH LIFE INSURANCE COMPANY

A notice has been issued giving interested persons until April 1 to request a hearing on an application filed by Monarch Life Insurance Company and its Variable Account B for an order exempting them from the provisions of Sections 12(d)(1), 26(a)(2), and 27(c)(2) of the Investment Company Act, and permitting the Account to offer single premium variable life insurance contracts funded by a unit investment trust comprised of stripped U.S. Treasury securities. The application also approves the terms of certain exchange offers involving these contracts. (Rel. IC-14407 - March 7)

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## HOLDING COMPANY ACT RELEASES

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### MGTC, INC.

A notice has been issued giving interested persons until April 1 to request a hearing regarding a request for an order by MGTC, INC. that it be declared not to be a "gas utility company" under Section 2(a)(4) of the Public Utility Holding Company Act of 1935. (Rel. 35-23624 - March 6)

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## LISTING, DELISTING AND UNLISTED TRADING ACTIONS

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### UNLISTED TRADING SOUGHT

Notices have been issued giving interested persons until March 27 to comment on the applications of the following stock exchanges for unlisted trading privileges in the specified number of issues which are listed and registered on one or more other national securities exchange and are reported in the consolidated transaction reporting system: Cincinnati Stock Exchange - six issues. (Rel. 34-21823); Pacific Stock Exchange - ten issues. (Rel. 34-21824); and the Midwest Stock Exchange - seven issues. (Rel. 34-21825)

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## TRUST INDENTURE ACT RELEASES

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### COLORADO-UTE ELECTRIC ASSOCIATION, INC.

A notice has been issued giving interested persons until March 26 to request a hearing on an application by Colorado-Ute Electric Association, Inc. under Section 310(b)(1) (ii) of the Trust Indenture Act of 1939. The application declares that the trusteeship of Central Bank of Denver, a banking corporation, under two Colorado-Ute indentures, is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify Central Bank from acting as such under either of the indentures. The two indentures are: a Collateral Trust Indenture dated December 1, 1984 under which \$240 million of Series Facility Bonds, due 1990-2002, are issued; and (2) an Indenture of Trust dated May 1, 1978 under which Pollution Control Revenue Bonds, Series 1978 in the aggregate principal amount of \$59 million are issued. (Rel. TI-968)

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## SECURITIES ACT REGISTRATIONS

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The following registration statements have been filed with the SEC under the Securities Act of 1933. The reported information appears as follows: Form, Name, address and phone number (if available) of the issuer of the security; Title and the number and/or face amount of the securities being offered; Name of the managing underwriter or depositor (if applicable); File number and date filed; Assigned Branch; and a designation if the statement is a New Issue.

- S-6 HUTTON E F TAX EXEMPT TRUST CALIFORNIA INSURED SERIES 9, ONE BATTERY PARK PLZ, C/O E F HUTTON & CO INC, NEW YORK, NY 10004 - 12,000 (\$12,360,000) UNIT INVESTMENT TRUST. DEPOSITOR: HUTTON E F & CO INC. (FILE 2-95874 - FEB. 15) (BR. 18 - NEW ISSUE)
- N-1A BANKERS SYSTEMS OMNI GROWTH STOCK FUND INC, 6815 SAUKVIEW DR, PO BOX 97, ST CLOUD, MN 56302 (800) 328-1275 - INDEFINITE SHARES. (FILE 2-95928 - FEB. 15) (BR. 17 - NEW ISSUE)
- S-18 3-Y CORP, 2120 HOLLOWBROOK DR, COLORADO SPRINGS, CO 80918 (303) 590-1400 - 6,000,000 (\$1,500,000) COMMON STOCK. 600,000 (\$100) WARRANTS, OPTIONS OR RIGHTS. 600,000 (\$180,000) COMMON STOCK. (FILE 2-95994-D - FEB. 21) (BR. 12 - NEW ISSUE)
- S-6 MASSACHUSETTS TAX EXEMPT UNIT TRUST GUARANTEED SERIES 4 - 10,000 (\$10,000,000) UNIT INVESTMENT TRUST. (FILE 2-96084 - FEB. 27) (BR. 16 - NEW ISSUE)
- S-18 ZABS BACKYARD HOTS INC /NY/, 1504 SCOTTSVILLE RD, ROCHESTER, NY 14623 (716) 436-4890 - 3,000,000 (\$3,000,000) COMMON STOCK. 3,000,000 (\$3,750,000) COMMON STOCK. (FILE 2-96085-NY - FEB. 27) (BR. 11 - NEW ISSUE)
- S-14 CLEVELAND CLIFFS INC, 14TH FL HUNTINGTON BLDG, CLEVELAND, OH 44115 (216) 241-2356 - 12,807,320 (\$268,953,720) COMMON STOCK. (FILE 2-96096 - FEB. 27) (BR. 1 - NEW ISSUE)
- S-6 HUTTON INVESTMENT TRUST HIGH YIELD & COUPON TRE SERIE 1-B, ONE BATTERY PARK PLZ, C/O E F HUTTON & CO INC, NEW YORK, NY 10004 - INDEFINITE SHARES. (FILE 2-96103 - FEB. 27) (BR. 18 - NEW ISSUE)
- S-3 BANKERS TRUST NEW YORK CORP, 280 PARK AVE, NEW YORK, NY 10017 (212) 775-2500 - 500,000,000 (\$500,000,000) STRAIGHT BONDS. (FILE 2-96104 - FEB. 27) (BR. 2)

- S-8 FONAR CORP, 110 MARCUS DR, MELVILLE, NY 11747 (516) 694-2929 - 650,000 (\$3,168,750) COMMON STOCK. (FILE 2-96114 - FEB. 27) (BR. 4)
- S-8 LA PETITE ACADEMY INC, 12TH & BALTIMORE CITY CTR SQ, P O BOX 26610, KANSAS CITY, MO 64196 (816) 474-4750 - 300,000 (\$2,718,750) COMMON STOCK. (FILE 2-96117 - FEB. 27) (BR. 5)
- S-3 HEXCEL CORP/DE, 650 CALIFORNIA ST, STE 1400, SAN FRANCISCO, CA 94108 (415) 956-3333 - 50,000 (\$1,431,250) COMMON STOCK. (FILE 2-96118 - FEB. 28) (BR. 6)
- S-8 NATIONAL MICRONETICS INC, 5600 KEARNEY MESA RD, SAN DIEGO, CA 92111 (619) 279-7500 - 150,000 (\$731,250) COMMON STOCK. (FILE 2-96120 - FEB. 28) (BR. 3)
- S-3 OPTICAL RADIATION CORP, 1300 OPTICAL DR, AZUSA, CA 91702 (818) 969-3344 - 120,000 (\$4,620,000) COMMON STOCK. (FILE 2-96122 - FEB. 28) (BR. 8)
- S-6 EMPIRE STATE MUNICIPAL EXEMPT TRUST GUARANTEED SERIES 9, 6 E 43RD ST, C/O GLICKENHAUS & CO, NEW YORK, NY 10017 - 13,000 (\$14,300,000) UNIT INVESTMENT TRUST. (FILE 2-96123 - FEB. 28) (BR. 16 - NEW ISSUE)
- S-3 MOBOT CORP, 980 BUENOS AVE, SAN DIEGO, CA 92110 (619) 275-4300 - 1,444,517 (\$1,531,188) COMMON STOCK. (FILE 2-96124 - FEB. 28) (BR. 10)
- S-6 PRUDENTIAL BACHE UNIT TRUSTS INSURED TAX EXEMPT SERIES 2, ONE SEAPORT PLZ 199 WATER ST, C/O PRUDENTIAL BACHE SECURITIES INC, NEW YORK, NY 10292 - INDEFINITE SHARES. (FILE 2-96125 - FEB. 28) (BR. 16 - NEW ISSUE)
- S-8 SYSCON CORP, 1000 THOMAS JEFFERSON ST NW, WASHINGTON, DC 20007 (202) 342-4000 - 3,000,000 (\$3,000,000) OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 2-96126 - FEB. 28) (BR. 9)
- S-8 AMERICAN HOME PRODUCTS CORP, 685 THIRD AVE, NEW YORK, NY 10017 (212) 878-5462 - 60,000,000 (\$60,000,000) OTHER SECURITIES INCLUDING VOTING TRUST. (FILE 2-96127 - FEB. 28) (BR. 4)
- S-3 SYSTEMS ENGINEERING & MANUFACTURING CORP, CAMPANELLI PKWY, STOUGHTON, MA 02072 (617) 344-1700 - 125,000 (\$1,547,250) COMMON STOCK. (FILE 2-96129 - FEB. 28) (BR. 9)
- S-1 VICORP RESTAURANTS INC, 400 W 48TH AVE, DENVER, CO 80216 (303) 296-2121 - 1,474,260 (\$36,856,500) PREFERRED STOCK. (FILE 2-96131 - MAR. 01) (BR. 12)
- S-8 FORD MOTOR CREDIT CO, THE AMERICAN RD, DEARBORN, MI 48121 (313) 322-3000 - 600,000,000 (\$600,000,000) FLOATING RATE NOTES. (FILE 2-96133 - FEB. 28) (BR. 12)
- S-1 CLAYTON HOMES INC, P O BOX 12144, 7131 CLINTON HIGHWAY, KNOXVILLE, TN 37912 (615) 938-2529 - 910,000 (\$13,081,250) COMMON STOCK. 700,000 (\$10,062,500) COMMON STOCK. (FILE 2-96134 - MAR. 01) (BR. 10)
- S-3 GENENTECH INC, 460 POINT SAN BRUNO BLVD, SOUTH SAN FRANCISCO, CA 94080 (415) 952-1000 - 1,150,000 (\$60,806,250) COMMON STOCK. (FILE 2-96140 - MAR. 01) (BR. 8)

#### REGISTRATIONS EFFECTIVE

Feb. 13: Alaska Airlines, Inc., 2-95754; Avalon Energy Corporation, 2-95503; Atlanta Gas Light Company, 2-95640; Bank South Corporation, 2-95585; The Citizens and Southern Corporation, 2-95702; Data Translation, Inc., 2-94121; EnergyNorth, Inc., 2-95383; Figgie International Holdings, Inc., 2-95692; IEC Electronics Corporation, 2-94581; I.R.E. Pension Investors, Ltd., 2-91976; Mellon Participating Mortgage Trust Commercial Properties Series 85/10, 2-94776; Merchants Bancorp, Inc., 2-95434; Microcomputer Memories, Inc., 2-94084; Old Republic International Corporation, 2-95243; Safeguard Scientifics, Inc., 2-93525; Touch Dialogues, Inc., 2-95098-D.

Feb. 14: American Network, Inc., 2-95058; Calton, Inc., 2-95287; Citicorp, 2-95728; Commercial Bancshares, Inc., 2-95686; Eagle 85 India, Eagle 85 Juliet, Eagle 85 Kilo & Eagle 85 Lima Limited Partnerships, 2-95522; J.B. Hunt Transport Services, Inc., 2-95714; May Drilling Partnership 1985-1-2, 2-95348; National Bancshares Corporation, 2-95272; Prudential-Bache/Equitec Real Estate Partnership, 2-94294; Shelter Resource Fund, 2-95830; Southwest Virginia Bancshares, Inc., 2-95529; Tiger International, Inc., 2-95706.